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International Affairs

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Soviet Union

International Affairs

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Prunskiene on Foreign Policy Realities

*91UN2379B Vilnius EKHO LITVY in Russian
26 Jul 91 p 3*

[Article by K. Prunskiene: "The Realities of Foreign Politics"]

[Text] Each state, especially one that is renewing itself, cannot limit itself to the problems of domestic life; in addition, these latter problems depend to a significant degree on successful participation in international processes. In just this fashion the renewal of the Lithuanian state and the successes and errors of this process are conditioned first and foremost by the correlation of domestic and foreign factors. By limiting independence only to the self-determination of a nation, its freedom, and its right to express this freedom, we find ourselves at a logical impasse inasmuch as the question arises of why this freedom was not realized in the course of the last several decades.

The art of foreign policy lies in how, under difficult conditions, where the interests of the world's states are present and intersect, we find the means and real opportunities to achieve the democratic, political, economic, national, and cultural interests of our state. We are obliged to know how to affirm ourselves in the world community, making the best use of the chances given to our nation by nature itself as well as those that are historically formed and inherent in our people and their traditions, thinking, and intellect.

The goals of Lithuanian foreign policy proceed from the common goals of the state and of civil society. So long as Lithuania has not yet genuinely become an independent state, this remains its chief goal. But it is one thing to make a declaration and quite another to put what has been declared into practice. In recent times many people have been writing and talking, criticizing the incompetence of the foreign policy being performed by the present authorities. This is not anyone's evil intention to compromise officials, but rather the practically universal diagnosis of the world's politicians, which may easily be presumed by listening to their speeches and observing their actions.

This is difficult for Lithuania, not only because of the complexity of the problem itself, but also because of the absence of professional diplomats. In the years of the Soviet regime practically no such specialists were trained, and today the proper use of this small group is hindered by the orthodox anticommunist filter and the matter of party affiliation which is often identified with professionalism.

This weakens Lithuania's real position both in direct dialogue with the USSR, which, incidentally, should also be conducted in a European and diplomatic fashion, and when consolidating the support of European states. The Forum for the Future of Lithuania and the politicians taking part in it are often attacked on the grounds that they supposedly exaggerate the role of negotiations with the USSR. However not one of the official leaders of the authorities has been able to prove that any other way is possible. Is it really possible to do without dialogue with the USSR, even if a new Union were to be disposed

completely favorably to us? Such a dialogue is even more important under conditions where control of our borders continues, an army is stationed on the territory of Lithuania, and there are other realities which limit our freedom.

Today is not the time to take joy in the collapse of the old empire; we do not have precise information on changes in areas that are important for us and we do not especially concern ourselves with a deep analysis of the situation which is arising in the new USSR. It is no accident that the entire world is intently following the course of events there, trying to predict their dramatic course, and supporting democratic processes.

The USSR and the leaders of the republics which may possibly belong to its new makeup are increasingly having occasion to meet at international conferences and congresses where they heatedly discuss questions of the reform of the USSR as well as the resulting status of the republics remaining within its borders and their participation in the construction of an all-European home. We convince ourselves that the Baltic states have more or less stable support first and foremost because we are considered more mature in the sense of democratic statehood and a market economy. Precisely this gives us the chance to affirm ourselves as potential partners in the political and economic space of a future Europe.

In June in Prague we had the opportunity to take part in an international conference dedicated to a future united Europe—the creation of a European confederation. It was organized at the initiative of Francois Mitterrand and Vaclav Havel, and taking part in it were politicians, scholars, and cultural figures from 28 European countries, the United States, Canada, and Japan.

Of course no one hoped that the result of this meeting would be a prepared concept establishing all scenarios of cooperation and mutual ties of a new Europe. Something else was important. Europe expects future unification and intends to create an all-European home. The result of this is a demand not to jostle one another, for those "belonging to Europe" not to establish competing diplomatic desires, and to cooperate hand in hand.

This model presents a new chance for Lithuania and other nations of the Baltic region, Central Europe, and the Slavic East that are renewing themselves as well as for southern Slavs to find their place and affirm themselves in the democratic processes of integration.

Even now one may note an internationalization which is genuinely taking place in the resolution of the problems of the Baltic states in accordance with the formula three plus X plus one, in other words with the participation of the Baltic republics, the European states, and the USSR. Each congress or conference (recently they have taken place in Paris, Prague, Berlin, Vienna, Helsinki, etc.) where state and political figures, scholars, journalists, and entrepreneurs discuss issues that are important to us brings closer the real implementation of this formula.

But we must realize that if we ourselves do not know how to represent our interests in the proper fashion, if we do not write them down in the context of all-European

interests and processes, and if we speak in a language that is unfamiliar to others, then we will not be able to put the interests of Lithuania in a framework that is understandable for the mentality of the Europeans and we will not achieve true support. It seems to me that our Estonian and Latvian neighbors are functioning significantly more effectively and harmoniously in their direction.

Over recent months by our common efforts we have succeeded in making real progress in the formation of an international group for the support of independence of the Baltic republics. The goal of its activities is to focus attention on the Baltic question and to prepare a solution so that utilization of the complex of international measures at the appropriate moment will bring the desired result. We here in Lithuania should take care to ensure that the international group which has been created not only functions effectively but also receives the recognition of other international organizations and states. Such premises already exist. At the beginning of autumn the first two meetings of an initiative group in Brussels and Vilnius are planned. I believe that they will take place if they are not blocked by the esteemed custodians of the monopoly of power.

Preparations to obtain full-fledged statehood could proceed significantly more successfully if in our own home we wasted less time looking for and announcing enemies and

concentrated our energy, experience, and good intentions on the constructive and consistent implementation of economic reforms.

Over the last two years we have done much to search for partners in improving our economy. It is especially difficult to receive foreign credits and to find potential investors for major programs for the reconstruction of the economy, beginning with the creation of a production infrastructure and reinforcement of priority sectors and ending with investments in the social sphere. Recently I have become convinced that the efforts we have undertaken are not without their fruits, although it is still too early to talk about specific results. Matters are running into the following obstacles: The absence of reliable legislative guarantees for the investor and the instability of the political situation. If anyone hopes to expend only national capital in the conduct of reforms, he is deeply mistaken. The political situation, which is fairly aggravated by the rightist forces and the leftist extremists, has become that obstacle which will not permit us to make consistent steps. And if we do not become competent, reliable, and democratic partners, if we do not accept several Europe-wide rules of co-existence, then we may lose our chance to create and reinforce the statehood of Lithuania. Such are the realities of foreign policy, which is connected with our domestic life in the closest possible fashion.

I request that the honorarium for this article be given to the fund for assistance to journalists.

Law Permitting Barter Trade Explained

91UF1014A Moscow PRAVITELSTVENNYY VESTNIK in Russian No 27, Jul 91 p 10

[Interview with V. Demchuk, deputy department chief of the administrative apparatus of the USSR Cabinet of Ministers, under the rubric "Timely Interview"; time, place, and occasion not specified]

[Text] The USSR Cabinet of Ministers on 23 June adopted Decree No 393 entitled "The Creation of Additional Conditions for State Enterprises, Associations, and Organizations of the USSR To Develop Trade and Economic Ties with Foreign Countries in 1991." V. Demchuk, deputy department chief of the administrative apparatus of the USSR Cabinet of Ministers comments on this document below.

[Question] Valentin Dmitriyevich, until quite recently we traded with many foreign countries on a barter basis. Then when CEMA for practical purposes fell apart, trade-exchange transactions with these states were suspended. Now the decree just adopted permits them again.

[Demchuk] In general barter deals are not encouraged in the world market. What is more, international organizations, including GATT, prohibit them. After many years of experience we also reached the conclusion that we should switch to normal foundations of trade with the former CEMA members and a number of other countries, and we agreed with them to settle accounts with one another in hard currency at current world prices.

In conformity with the new line we signed intergovernmental agreements with all the East European countries for the centralized part of trade or the part included in indicative lists. But it accounted for only about 30 percent of the trade volume reached in 1990, and 25 percent in 1989. All the rest has to be carried out in a decentralized manner, by the enterprises and organizations and Union republics themselves.

That is how it was conceived. But in reality it was different. In the first 2 months of 1991 mutual deliveries of goods, excluding petroleum, were less than 2 percent of the annual volume envisioned by the indicative lists instead of 17 percent. Since then the situation has not changed significantly. As for the decentralized sector, in effect it has not begun working. The main reason is that neither party has enough hard currency and neither was prepared for the abrupt change.

The result is not hard to guess: many Soviet and foreign enterprises were left without contracts. Many that had oriented themselves to the USSR for decades shut down. Manufactured output is not being exported, and what is already delivered is not being paid for. In general trade and economic relations with this group of countries found themselves in crisis, ran into a dead end, I would say.

Of course, both the Soviet Union and the countries we are talking about began looking for a solution and took practical steps to carry out the intergovernmental agreements. And in order to avert a complete disruption of ties between enterprises we decided, only temporarily, for the remaining half year, to re-introduce barter, understanding

very well that in this situation the exporter takes all the revenue for himself and buys goods with it. The state receives nothing from such transactions, and that includes the 40 percent which should go to repay foreign debt.

But we had to choose the lesser of two evils: without barter trade was not moving, it was frozen, and nothing was coming into the treasury; with barter real export and import takes place, real cooperation, real collaboration and trade.

[Question] What does the decree envision?

[Demchuk] It applies above all to enterprises in processing industry and machine building. Thus raw materials are excluded from barter transactions and the possibility of machinations with them—with timber, scrap metal, and similar unfinished materials—is limited. Only state enterprises can engage in barter, not cooperatives or other formations. Trade can only be in the organization's own output, which precludes middle-man activities where you do not produce, but just trade in others' goods and skim off the profit.

Barter trade can only be carried on with a certain group of countries. These are the members of the former CEMA, Yugoslavia, China, North Korea, Laos, the State of Cambodia, as well as the eastern states of Germany, India, Syria, Egypt, and Afghanistan.

The decree is intended only for 1991. I will add that it covers an enormous number of enterprises and goes farther than the system that existed earlier: the authorization system is abolished and so you go right ahead and make deals without asking permission. But on the condition that this trade will not be at the expense of obligations assumed within the country and not at the cost of breaching a contract with any enterprise or impairing its interests, and not to the detriment of the state's external obligations: if the state has already included some particular output in an interstate agreement then it must be delivered no matter what.

[Question] And what can be bought?

[Demchuk] Above all production-technical articles for internal use: equipment to increase production and the output of consumer goods, assembly components, and spare parts. All the money earned from export can be spent for these purposes. But it is possible that an enterprise will not need as much production-technical equipment as it is able to buy. Then it has the right to sell 40 percent of it to related enterprises. Suppose that the Kama Truck Plant sells trucks and buys fork lifts. Some of them, which are excess for the plant, are turned over to other enterprises of the sector who need them.

Further, the enterprise has the right to spend up to 25 percent of the money received from export for the purchase of medicines, food, consumer goods, and other products and to pay for social service needs. Luxury items are an exception.

Can violations occur? It will probably be difficult to completely avoid them. Some of them may occur as the

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result of the incompetence and inexperience of our producers. Here is what the statistics on barter transactions in 1990 and 1991 show: last year enterprises paid 1,000 rubles [R] for a television set abroad, and this year the average price is R216, which is a normal foreign trade price. Western businessmen, taking advantage of our lack of awareness, flagrantly inflated prices: the contracts were prepared poorly and signed by non-professionals.

Therefore the decree envisions that the transactions of state enterprises will be conducted through the all-Union foreign trade associations of the USSR Ministry of Foreign Economic Relations, the Union ministries and departments, the USSR Chamber of Commerce, and the republic foreign trade associations, in essence through all professional foreign trade organizations. They know the market situation and prices, have experience, and can minimize losses caused by simple ignorance of the situation in the world market.

But the initiative of our producers is not being constrained. Anyone who wants has the opportunity to dive into the business whirlpool of the international market independently, at their own risk. This is on one condition: that they have the permission of their own ministry, who will be responsible for selling Soviet output too cheaply and for buying imported goods at exaggerated prices. And if someone violates price policy or the system of other barter conditions, certain penalties await him: the USSR Cabinet of Ministers can deprive the offender of the right to engage in foreign economic activity. That is fair.

Foreign Economic Consultants Named

*91UN2253A Kiev RABOCHAYA GAZETA in Russian
13 Jun 91 p 1*

[Article by A. Fomin under the rubric "Our Parliamentary Correspondent Reports...": "Trust in the Consultants"]

[Text] A few days ago the Ukrainian Supreme Soviet Presidium adopted a decree on the creation of a Consultative and Advisory Council under the presidium. It is composed of nine specialists from our republic and ten from abroad. The co-presidents of the council have been confirmed: Academician V.P. KUKHAR, vice president of the Ukrainian SSR Academy of Sciences, director of the Ukrainian SSR Academy of Sciences Institute of Bio-organic Chemistry and Petrochemistry, doctor of chemical sciences, and professor; and Bogdan GAVRILISHIN, an economist and political scientist widely known abroad as well as chairman of the Oversight Council of the International Institute of Management, chairman of the Oversight Council of the Restoration Fund, and foreign member of the Ukrainian SSR Academy of Sciences.

Thus the Ukraine, after Kazakhstan and Russia, has become the third republic to have resolved the creation of a "brain trust" of scholars and businessmen of world renown.

V.B. Grinev, deputy chairman of the Ukrainian Supreme Soviet, conducted a news conference dedicated to this event.

"This is an extremely important event," he noted. "We understand the members of parliament have little experience with a market economy, the functioning of its elements, banking activities, and international ties. Therefore we have created this council. It will function in an unusual fashion inasmuch as it is extremely difficult to gather together all its members, who live in eight countries. But it will function—in small groups or individually."

"The goal of the group of advisers," continued Bogdan Gavrilishin, "is to accumulate the experience of different countries and different societies for the benefit of the Ukrainian economic system. The council will only do that which it has been asked to do by the presidium and the commissions of the Supreme Soviet. This, for example, might include a comparative examination of Ukrainian laws on privatization, enterprises, banks, and foreign economic activities. We will suggest only the best that world experience has created on these subjects."

What were the criteria for selecting the advisers from foreign countries? These people had to have experience at the level of their state in legislative and executive activity. In other words, people who had worked in their parliaments and were members of the governments. Thus some fairly authoritative specialists went into the makeup of the council. For example, Shirley Williams, a political scientist from the United Kingdom who headed various ministries in the Labor government and was chairman of the Social Democratic Party. Roman Prodi [as transliterated], professor of Bologna University, formerly president of the IRI—the main administration of state enterprises of Italy (it encompasses about 500 enterprises). Or Kurt Fergler [as transliterated], a lawyer and former president of the Swiss Confederation, member of the "Inter-Action" group, which is made up of 40 former leaders of states.

On the Ukrainian side the list includes O.G. Belorus, general director of the International Institute of Management, head of the department on problems of administration of the Ukrainian Academy of Sciences Institute of Economics, professor, and correspondent member of the Ukrainian SSR Academy of Sciences; V.D. Buryak, administrator of the Ukrainian republic office of the State Bank; F.G. Burchak, head of the department on questions of legislation and law and order of the Ukrainian SSR Supreme Soviet Secretariat, doctor of legal sciences, and professor; and a number of other specialists.

"If the Ukraine wishes to build its own sovereignty today," noted Academician V.P. Kukhar at the news conference, "it should draft laws which will correlate with those that are drafted on this subject these days in the world at large. And foreign experience not only in the creation of these laws but also in their implementation will be very important for us."

"I hope that our council will not show Ukrainians how they are to govern their country," added council members George Soros and Mark Lalond [as transliterated]. "But it will help to govern the Ukraine and ensure the parliament a high level of the expert opinions which are so necessary in order to avoid the mistakes which have been made in our countries."

It should be added that all the wise advice issuing from the consultants will not cost the Ukraine a kopek. The new organ is preparing to work on social principles and it will only be a question of paying for hotels for the foreign specialists.

Time will show whether the advice of the foreign consultants will be accepted by deputies of the Supreme Soviet and how much it will correspond to the historical conditions of the development of our republic. In addition, as V.P. Kukhar said at the news conference, consultants are fine, but it is still better if the deputies live by their intellect.

French Computer Firm to Enter Soviet Market

91UF0979A Moscow *IZVESTIYA* in Russian
6 Jul 91 p 5

[Article by Yu. Kovalenko: "Bull: Betting on the Soviet Market"]

[Text] Paris—At a time when many Western companies are apprehensive about instability, do not want to take risks, and prefer to refrain from investing capital in our economy until a later date, the French concern Bull, the largest in Europe in the sphere of data processing, has decided to enter the Soviet market.

Ove Lange, vice president of Bull, explained to me: "Indeed, the Soviet Union, along with other East European states, belongs in the category of high-risk countries. However, we are prepared to take this risk, despite the fact that we are not being given any guarantees. We count on the tremendous scientific and industrial potential of your country, and our cooperation with it is picking up speed."

We should say that Bull, whose enterprises in various countries of the world employ 40,000 people, is far from a novice in the Soviet market. It began to cooperate with our country about 30 years ago. In particular, Bull equipped the Volga Auto Works and the imeni Likhachev Works, the USSR Academy of Sciences, TASS, and the Ministry of Foreign Trade and its various subdivisions—Traktoroeksport, Mashinoeksport, and Mezhdunarodnaya Kniga. Bull built a plant producing printed circuit boards in Moscow. A contract with the Leningrad Savings Bank providing for the computerization of the latter and the introduction of credit cards is one of the latest agreements. Bull also organizes seminars and practical training for our specialists and managers. Finally, this company has just delivered hardware and programming for a computer system to automate the operation of the staff of the USSR president.

What caused Bull to revise its strategy and decide to play the Soviet "card"? In this instance we should note two points first of all. First, at present the Western computer industry is going through a difficult time. The potential of traditional markets has largely been exhausted. Second, competition from the new industrial countries—Singapore, Hong Kong, and Taiwan—is growing.

Under the circumstances the Soviet Union presents a unique opportunity, virtually untouched "virgin land"

which Bull and other companies would like to develop on a mutually advantageous basis.

The Swede Bo Leidstrom, as the first general representative of Bull in our country to be appointed, will actually implement a new approach to cooperating with the Soviet Union.

B. Leidstrom explained to me: "We have set an objective of increasing our share of the Soviet market. To this end, we intend both to deliver our equipment and to develop cooperation. Thus, I count on setting up a joint enterprise with the participation of a Soviet ministry, but I am prepared to cooperate with the private sector.

Bo Leidstrom, a mechanical engineer by profession who acquired an education in economics, said that he would find great potential in the Soviet Union—experienced employees and sizable funds for carrying out interesting projects. He also intends to use our specialists because he believes that we have "exceptional intellectual resources." The fact that we were deprived of access to the most up-to-date technology, which is included on the proscription lists of Cocom ((Coordinating Committee for Multilateral Export Controls)), encouraged our own search for original solutions.

The general director of Bull in Moscow also attaches his hopes to a new generation of Soviet entrepreneurs—dynamic, knowledgeable people who know foreign languages and are not burdened by the weight of the past.

Finally, Bo Leidstrom does not conceal that he intends to use his extensive connections in the Soviet Union in the administration, the business and scientific community, and in the Academy of Sciences in particular. In the 1980's he was the Moscow representative of the British computer company ICL, which has recently been acquired by the Japanese company Fujitsu, for four years.

He said: "I would not have agreed to Bull's offer had I not been absolutely confident of success. I joined a team which is set to win and has every opportunity to do so. Of course, I need time. Nothing can be accomplished in one year; my mission is long term."

The new general representative considers banking and finance, social welfare, transportation, the tourist industry, and the entire sphere of management to be the most promising spheres for cooperation.

"What is my ultimate objective? To create a Bull-USSR company. It could be headed by a Soviet businessman who, proceeding from his knowledge and contacts, would represent our interests better than any foreigner. Such a company may become a subsidiary of Bull."

B. Leidstrom said: "The Soviet Union, which I know well, is of interest to me and my family (my three children will accompany me) not only from a professional standpoint. We are returning to a country with a most refined culture, in music, theater, and painting. In addition, I am returning to the paintings I bought from Russian artists, which for incomprehensible reasons I was not allowed to take out of the Soviet Union."

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Soviets, Europeans Form New Medical Technology Association

*91US0671A Moscow IZVESTIYA in Russian 27 Jul 91
Union Edition p 7*

[Interview with I. Rybakov, chief engineer, president, Glavmedtekhnika association, by L. Ivchenko: "The Association Provides Medicine"; date, place not specified]

[Text] Yet another association, one for medical technology, has been added to the many which have emerged of late. It is an international organization called upon to foster the development, production, and marketing of the most modern medical apparatus, and it unites the enterprises and firms of six European countries.

On the Soviet side alone, over 20 of the country's leading organizations are participating, including Glavmedtekhnika of the USSR Ministry of General Machine Building, the "Medinstrument" NPO [scientific production association], the "Kometa" NPO, the "Kvant" NPO, and the all-union scientific research institute for medical apparatus.

[Rybakov] Previously, the majority of them collaborated in the area of creating medical technology within the framework of CEMA. But when CEMA ceased to exist, all the ties could not be permitted to be severed; we had many joint developments; we had created fairly good medical apparatus on the principles of cooperation, and even now it is being produced continually. That is how our association appeared; it comprises, in addition to ourselves, 20 foreign organizations, enterprises, and firms.

[Correspondent] So in effect, it works out that nothing has changed?

[Rybakov] No, our organization is not a substitution of the previous relations and traditions by hanging a new shingle; we are building our activity here on completely different principles, putting enterprises' economic interests at the forefront. How did it used to be? We worked according to the plan; we coordinated ourselves with it here, and the socialist countries among themselves. We fulfilled the plan, did the reckoning, received the money, everything was fine. No one was responsible for anything, but everybody was fed. And now we have to earn the money. The task of the association is to be the coordinator, the connecting link among the firms and enterprises producing medical technology, its clients, and consumers. We are creating a data bank in Czechoslovakia for all our production firms, in order to know not only what they are preparing now, but what they plan to produce in the future; with the union and republic ministries of health we work through the requirements for medical technology, keep them informed of opportunities, prices, etc.; in a word, we help the manufacturers and the consumers find each other. And we also offer our technology in the West.

[Correspondent] But do we have something to offer?

[Rybakov] Of course! For example, a leading member of the association, the Ministry of General Machine Building, produces prosthetic devices the level of which is second to none from among the most modern foreign developments.

They are manufactured with new lightweight materials, designed for comfort; leg amputees can even run and dance with them...

[Correspondent] Yet we ourselves need these devices; it's an enormous problem among our handicapped...

[Rybakov] Naturally! Our own needs were counted in first of all! But the problem is the high price, even though our prosthetic devices are much less expensive than similar foreign types. Last year, the "Energiya" NPO put out about 20,000 of these prostheses, but couldn't sell them: They are expensive for the low-income handicapped, and the Ministry of Social Security is not in any condition to take these expenses upon itself. We have been trying to resolve this issue for an entire year now. They are looking for hard currency to buy foreign prosthetic devices, but they don't buy out our own for rubles...

[Correspondent] And are there buyers for our equipment?

[Rybakov] There are. Preliminary work-ups have indicated that our apparatus will make it; for example, they are prepared to buy it in Latin America. Our equipment is of fair quality and much cheaper than American. After all, with cars you have both the "Mercedes" and "Moskvich" marques; both are bought, but it all depends on the consumer's pocket.

[Correspondent] But what about our domestic market—won't our already poorly-equipped medical facilities suffer?

[Rybakov] Providing them with apparatus is one of our tasks. Our association comprises not only manufacturers, but consumers as well, the USSR Ministry of Health, in the form of its "Soyuzmedtekhnika," which makes us aware of the requirements of the entire country. The Ministry of General Machine Building, where I work, has become actively involved in manufacturing instruments and equipment for medicine; over less than two years it has managed to increase the output of medical equipment by 40 percent. For example, we have solved the problem of single-channel electrocardiographs; the need for them is now completely met. Gargantuan work is now being done in the production of single-use needles and syringes: capacity for an annual production of about 350 million syringes and 3 billion needles has already been created, and by the year's end the production capacity will be planned for 1 billion syringes. Now 49 defense institutes and KB's [design bureaus] have been drawn into developing medical technology; they are taking charge of very serious, principally new instruments, in particular, those for treating oncological conditions. The science and technology potential of the Ministry of General Machine Building is quite high.

Moreover, we are aiding medicine by finding suppliers of the apparatus who are prepared to sell it under favorable conditions; certainly there is the opportunity to acquire equipment even without having hard currency, and without installments over several years. We have proposals from Western firms to sell instruments for credit with a 10 percent discount, and to add a 30 percent discount for wholesale purchases...

[Correspondent] So Western firms are also showing interest in the association?

[Rybakov] Yes, they are showing interest; after all, every manufacturing firm is interested in sales. We also have applications for membership from Finnish and Yugoslav colleagues, and informal contacts with certain Dutch firms continue. Our organization is open to all comers.

International Computer Forum Held in Moscow

91UF0979C Moscow *IZVESTIYA* in Russian 10 Jul 91
Union Edition p 7

[Article by B. Konovalov, *IZVESTIYA* science commentator: "Computers: Look and Buy"]

[Text] On 9 July the Second International Computer Exhibition "PC World Forum" opened at the VDNKh [Exhibition of the Accomplishments of the National Economy]. A conference with the participation of leading foreign and Soviet specialists who have come from more than 100 cities of our country is also being held within the framework of the exhibition.

The joint enterprise Information Computer Enterprise and the American company International Data Group are the organizers of the exhibition and the conference, with a number of state organizations cooperating.

The joint enterprise is already publishing four periodicals in Russian that cater to computer specialists. The overall volume of its output of magazines exceeded 1 million copies last year. The exhibition for specialists will play an important role in studying trends in the Soviet computer market.

Patrick McGovern, the head of the American company, noted at a press conference that Cocom [Coordinating Committee for Multilateral Export Controls] restrictions on computer exports to the Soviet Union have recently been relaxed; the unparalleled acute thirst for strictly personal computers is also over.

Soviet specialists have become more discriminating in selecting personal computers. They want to have higher quality equipment with service facilities available in the USSR. A trend toward acquiring entire systems communicating through local computer networks has become clearly apparent. At present, consumers are more interested in systems that will enable them to solve their specific problems. This is why the exhibition emphasizes the computerization of large enterprises this year...

Compared to the exhibition last year in one of the largest exhibit halls of the VDNKh there are fewer foreign and more Soviet participants—more than 70 state enterprises, cooperatives, and even individual developers. However, for the most part they still offer "software," or programming. Intellectual output in our country is growing quite rapidly and we are already able to export certain things at a profit. Success in computer production has been considerably more modest. Unfortunately, our personal computers do not meet the high requirements of the world; besides, considerably fewer of them are produced than plans call for.

The director of the joint enterprise, B. Antonyuk, organizer of the exhibition in the USSR, said that last year 350,000 personal computers were imported in the USSR, and this year between 450,000 and 480,000 are expected to be imported. This is substantially higher than the volume of output of our electronic industry. The cost of computers imported in one year comes to an impressive amount in hard currency—about \$450 million. Despite acute inflation in the country, ruble prices for computers have stabilized and dropped by virtually a factor of two compared to last year. However, an increase in customs dues will now unavoidably push up the price of foreign computers.

Countries usually introduce preferences for the imports of goods if they experience a shortage of the latter. As far as we are concerned, we have a hungry market, an industry which is unable to meet demand, and... we erect customs barriers against the imports of foreign computers.

For now, Soviet specialists may enjoy in the largest VDNKh exhibition hall the sight of computer abundance presented by the largest companies of the West such as IBM, an abundance which, alas, many enterprises will not be able to afford yet.

USSR Buys Share of Hungarian Bus Company

91UF0979B Moscow *KOMSOMOLSKAYA PRAVDA*
in Russian 6 Jul 91 p 5

[Article by TASS correspondent A. Kuklin specially for *KOMSOMOLSKAYA PRAVDA*: "Ikarusz Regains Its Wings: The Soviet Union Has Become a Co-owner of the Famous Bus Works"]

[Text] Budapest—By previous standards the fate of a huge but unprofitable Hungarian state enterprise, the famous Ikarusz, was decided in an unconventional manner. From being the largest buyer of buses, the USSR has become a co-owner of the enterprise.

An agreement was signed in Budapest on transforming Ikarusz into a joint Soviet-Hungarian joint-stock company. The charter capital of the new joint enterprise amounts to 11.5 billion forints; 68.3 percent of these funds were contributed by the Hungarian state and 30 percent by the Soviet joint-stock company ATEKS. The Soviet partner paid its share, \$50 million, in cash. The agreement provides for the opportunity to increase the share of participation by the Soviet partner to 48 percent in the future.

Recently, the fate of Ikarusz was of concern to both public opinion and state organs in Hungary. The former "pride of Hungarian industry" found itself in a financial impasse. The plant ended last year with losses in the billions. An international competition was announced in order to rescue the enterprise.

From among all the proposals preference was given to a Soviet draft, according to which the Soviet Union will remain the main market for the sale of the Hungarian buses. The joint-stock companies Tekhnoimpeks and the Raba plant, as well as American companies, were dangerous competitors in the course of the competition. They

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put forward the argument that allegedly the Soviet partner that will become the main customer and co-owner of Ikarusz rolled into one may reduce the price of buses, and production will become unprofitable yet again. However, the arguments of the Soviet side turned out to be more convincing: If we invest \$50 million in cash in production, the Hungarian state as a partner should hardly worry about prices and solvency. Moreover, according to the Soviet proposal it is expected to augment rather than reduce the production capacity of Ikarusz. It is planned to sell up to 12,000 buses a year in the Soviet market alone. The USSR Government has guaranteed the annual purchase of 6,000 buses.

The Ikarusz agreement is viewed in Hungary as an important step toward new market relations between our countries. The workers at Ikarusz who have avoided layoffs are rejoicing. Hungarian specialists who have preserved a unified plant are happy. In addition, passengers in the USSR will travel in comfortable new buses.

Maritime Kray Industrial Park Proposed

*91UN2332D Moscow ROSSIYSKAYA GAZETA
in Russian 30 Jul 91 p 3*

[Unattributed article: "America—Southeast Asia—Europe"]

[Text] "America—Southeast Asia—Europe" is a "business bridge" that will open when this superproject becomes reality. The design outlines an industrial and technological park, the largest in the Far East, that will be built with the help of the American corporation Jane May on the territory of Partizanskiy Rayon, Maritime Kray. The cost of the project is estimated at \$1.5 billion. This park will receive and process cargoes, and it will establish economic links between North America, Southeast Asia, and Europe. The authors of the project think that having a convenient port for large-capacity ships in the bay of Wrangel and its proximity to the Trans-Siberian Railroad will allow them to successfully realize the project. The deal is projected for

several years and it will undoubtedly bring profits to the kray and its residents; it will help the growth of the infrastructure in this underdeveloped area, it will ensure housing and highway construction, and help to build airports available to international air routes.

Tomsk Oblast Oil, Gas to Local Control

*91UN2258A Moscow IZVESTIYA in Russian 23 Jul 91
Union Edition p 2*

[Article by Aleksandr Solovyev: "Taking Possession of the Deposits"]

[Text] Tomsk—The Siberian oil and gas fields are becoming the property of the local authorities.

The Tomsk Oblast Soviet expressed support for the decision of the Kargasonskiy Rayon Soviet, on whose territory the famous Vasyuganskiye swamp is located. The decision confirms the rayon's "right of ownership" of the Sobolinoye, Silginskoye, and Severo-Vasyuganskoye fields—three deposits of oil, gas, and condensate. The oblast retained possession of other low-yield deposits (so far, they are the only ones under consideration).

These decisions open the door to independence for the local oilmen. They are going to develop their "own" fields with the help of the Canadian firm "Canadian Fracmaster Offshore Limited" with whom they have a contract. Their Western partners will provide credits and services for hydraulic fracturing of formations at the oil fields of the Vakhneft oil-and-gas producing administration, which has approximately 1,000 wells. According to the experts, the new technologies of formation development will help double or triple their yield. The establishment of the joint venture was approved by the USSR Government, and its profits will be split 50:50—Half will go to the Siberians, half to the Canadians. The Tomsk people will sell the additional oil for hard currency. "We hope," says the administration head G. Chudinov, "that we will finally break out of our poverty."

U.S. Approach to RSFSR Relations Viewed

91UF1013A Moscow NOVOYE VREM'YA in Russian
No 26 Jun 91 pp 8-9

[Article by Yevgeniy Rusakov, correspondent: "America Recognizes Russia for the Second Time: RSFSR President's First Trip Abroad Repeats Success of 1924"]

[Text] The beginning of this visit was very significant. The White House pointedly drew attention to the fact that Boris Yeltsin was granted the opportunity of landing at Andrews Air Force Base, a privilege which is accorded only to monarchs, chiefs of state, and heads of government.

The meeting between the two presidents at the White House lasted for one hour and 40 minutes, instead of the scheduled one hour. "For the first time President Bush declared that his administration was ready to do business on two levels—with the Soviet Union, i.e., with the Center, and with the republics, including Russia," Boris Yeltsin said later.

They discussed the most diverse problems—ranging from the nonproliferation and reduction of nuclear and chemical weapons to the upcoming conference of "The Seven" and Russia's role in the defense policy of the Soviet Union. Agreement was reached on setting up groups of experts to prepare agreements on jointly implementing programs for processing and storing agricultural products, annually training 2,000-2,500 Russians in the field of up-to-date management, converting the "defense establishment," taking American experience into account, and organizing commercial aviation with bilateral participation. Bush also agreed to consider the matter of setting up a joint Russian-American bank in order to facilitate privatization.

Boris Yeltsin emphasized that all this was not a matter of aid ("We do not want to beg with an outstretched hand," he said), but rather of opening Russia up for foreign investors and creating the most favorable conditions for all concerned in the fields of taxation and customs duties.

"I'm convinced that a period of Russia's diplomatic recognition will begin after this visit, just as it did in 1924," I was told by Andrey Kozyrev, the Russian minister of foreign affairs. "Of course, not instead of the Union, but rather simultaneously with it, inasmuch as the concepts of Russia and the Union are indivisible. But, at the same time, in contrast to our unitary past, a distinction should be made between these concepts. I think that the American administration, Congress, and public have come to understand that such an approach does not destabilize the situation in the Soviet Union."

The White House did virtually everything possible to deliberately and expressly emphasize that the Soviet Union and President Mikhail Gorbachev remain its principal partner. During the discussion of the matter of the Russian-American bank Bush asked his fellow-conversationist several times how the head of the Union regarded this idea. And only after it was explained to him that "Gorbachev approves in principle," and that—according to the draft Union Treaty—foreign policy is a joint matter for the Center and the republics, did the American president give his "OK."

"We are encouraged and inspired by President Yeltsin's adherence and devotion to democratic values, as well as to the principles of a free market. We hope to engage in joint work with him," Bush stated, upon appearing in the Rose Garden together with the smiling chief of the Russian state. "At the same time, however," Bush went on to say, "I'd like to make it clear to everyone that the United States will continue to maintain the closest possible official relations with the Soviet government headed by President Gorbachev."

People here consider that the path to closer American-Russian cooperation has been based on the agreements and understandings between the Union and nine of the republics. Brent Scowcroft, the President's assistant for national security affairs, emphasized that Bush had declared his readiness to cooperate with the republics in those spheres which the new Union Treaty will relegate to their competence. "It's not so much a matter of the United States changing its approach," Scowcroft remarked, "as it is the U.S. reaction to the Soviet Union's evolution from a state in which the republics were simply administrative functions to a situation whereby they are genuine subjects and discuss with each other the form for retaining and preserving their association."

"What can you tell us with regard to the statements by certain of our conservatives to the effect that the American administration's 'two-track' policy, which provides for developing relations with the Center as well as with the republics, is leading to a weakening and even a breakdown or disintegration of the Soviet Union?" I asked A. Kozyrev.

"Our country still has a very strong 'siege mentality' and a suspicious nature," he said. "There are persons who simply need to sense an external threat, a conspiracy being hatched abroad. It's difficult for them to justify their own positions of command and privileges without having a scarecrow or bogeyman in the guise of the United States. In America people regard Russians, Russia, and the Soviet Union with sympathy; they do not intend to 'bury' us. They are interested in bringing about a stable world, in a Russia and a Union with which it would be possible to cooperate. It was quite difficult to cooperate with the old Soviet Union because, to a large extent, it constituted a threat. The Americans have become tired of this feeling of danger. The idea that they are digging a pit under us is utterly absurd," the minister concluded.

On Capitol Hill the prevailing attitude was somewhat different from that at the White House. Congress was delighted to receive this leader, who wears the halo of the historically first democratically elected chief of the Russian state. They presented their guest with an enormous cowboy hat and a leather belt, along with a buckle bearing the inscription "Boris." The legislators were also delighted to hear his statements about his devotion to the cause of protecting and defending human rights, democratic values, and the idea of private enterprise.

"We want to have more direct ties with the republics, with the central government," declared Robert Dole, the leader of the Republican minority in the Senate. On Capitol Hill they were not so fussy about the feelings of our Center.

**PRC Envoy To USSR Views Party Role in China,
Ties With CPSU**

*91UF1008A Moscow MOSKOVSKAYA PRAVDA
in Russian 29 Jun 91 p 3*

[Interview with PRC Ambassador Yu Hongliang by M. Stoyanov in Moscow; date not given: "The Choice of Fifty Million"]

[Text] Recently a book with 3.3 million hieroglyphs was published in China. It is, however, notable not only for its size. It contains a large amount of various data on the history, organizational, propaganda and activities of the Chinese Communist Party which will be 70 years old on the first of July. The publication, timed to appear on this date, is titled "Encyclopedia of the CPC."

Landmarks in the development of the largest political organization in the world, and the CPC today has more than 50 million members, are landmarks in the historical development of a great neighbor country, in its contemporary stage. That is why in the course of our conversation with the Ambassador Extraordinary and Plenipotentiary of the People's Republic of China in the USSR Yu Hongliang we did not limit ourselves to this anniversary date but spoke about the most important problems of contemporary Chinese society in which the communist party plays the leading role

[Stoyanov] What are the peculiarities of this role today in the renewing China, under conditions of new economic relations within the country?

[Yu Hongliang] I would say that, first of all, it is linked with the tasks of the economic development of the country and correspondingly with an improvement in the welfare of the broadest masses, said Yu Hongliang. In brief the CPC is currently considering its main goal to be to rally the people, to inspire them for the fulfillment of the ten-year program of economic and social development and a successful realization of the five-year plan.

After all, the improvement in the living standards of the people, which is the most important task in all the work done by CPC and a confirmation of the advantages of the socialist order, depends on this. The strategic goal of the reform being carried out by us consists specifically of providing fresh impetus to the development of socialism and revealing more fully its potential as well as unused reserves.

I must say frankly that even though we did attain considerable success in the course of the reform, there were also some omissions, primarily in the ideological sphere and in the education of the young generation. We are still reaping the fruits of that. They are manifested in the theoretical backwardness of certain people, in their lack of understanding of the role of socialism, and in an aspiration to import Western models of social development.

The party underwent difficult trials and emerged from them even stronger—both qualitatively and quantitatively. In just two years its ranks swelled by two million persons, primarily young people.

[Stoyanov] As commonly known, in China there are also other parties. What ties do the CPC maintain with them, what role do they play? I will put this question another way comrade ambassador: is there any threat to the leading role of the communist party?

[Yu Hongliang] I will answer directly—these are not opposition parties. We do not have political pluralism in the Western spirit. The CPC established its leading role in the course of many years of practical struggle for the interests of the broad masses of workers and relies on their full support. As far as relations with the other parties are concerned, and there are eight of them, I would characterize them as relations of constructive collaboration. We are partners in the common cause of the socialist development of China. Naturally there are sometimes differing views on various questions but they do not lead to confrontation. A worked out system of democratic consultations exists for discussion of problems that occur. Representatives of those parties can participate and do participate in various structures of state control and occupy elective posts. At the same time the guiding role of the communist party is not subject to doubt. Even though there are people who stand against the party line the CPC does not have a serious enemy on the political arena at the present time. I will say this—an artificial multiple party system under our conditions would simply lead to chaos without giving the people anything.

[Stoyanov] In this connection, a question—on what basis was China able to lower the rate of inflation from eighteen to three percent in such a short period of time?

[Yu Hongliang] At one time we encountered "overheating of the economy." Excessively rapid rates of production led to problems with raw material, power, and financial resources. At that time there appeared a dangerous lack of balance between general consumption and demand. It became necessary to take urgent measures—to establish strict control over profits, curtail administrative expenses, capital construction, and bank credit, and take other steps. As a result the disturbing lack of balance was eliminated and inflation started dropping sharply. Difficulties, some of which are substantial, remain, of course. The main one is still the poor efficiency of many enterprises and low product quality. It is specifically this problem which is regarded as the cornerstone of the new five-year plan. I will note another, purely national problem which disturbs us—the demographic problem. Annual population growth currently amounts to 15-16 million, in essence two Bulgarias every year. Administrative measures aimed at limiting the birth rate, even though they did result in perceptible shifts, have failed thus far to eliminate concern in this regard.

[Stoyanov] The reform opened the road for the private sector in China. Does a communist have the right to become an owner of a private enterprise and how is that viewed within the party?

[Yu Hongliang] Yes, at present we have a mixed economy, even though the state sector remains the main factor in development. Communists may engage in individual or private activity, naturally, if they act within the framework

of the law and party principles. The main principle is improvement in the life of the people. Therefore party members working in the private sector who were able to achieve success there, in other words, become rich, must assist others, primarily the poor. By the way, they have repeatedly set a good example with an honest attitude in their work against a background of smart operators who utilize every opportunity to earn some money. A large amount of low-grade counterfeit goods allegedly manufactured by well-known firms appeared at one time. On one occasion, in a region where people were cheated, a sign stating - "I am a CPC member. I sell only high-quality goods and do not cheat anyone" appeared over a shop whose owner was a communist. People came to him and stopped falling prey to the swindlers. I cited that example in order to show again how important it is to win the trust of people even in something minor. After all, rivers are born of streams.

[Stoyanov] After a long interruption relations have been normalized between the CPSU and the Chinese Communist Party. How do you evaluate their development at the present time?

[Yu Hongliang] As a dynamic process that is steadily deepening. Firm continuing contacts have been established and an exchange of delegations and information was organized. This helps us to better understand those processes that take place in the two countries, while strengthening mutual understanding which is so important in the course of the renovation in China and in the Soviet Union. Various conditions, of course, exist in each of our countries, which determine in many ways the dissimilarity in the paths of development. Some 130 years ago Marx had no way of forecasting what would be today. We are reading our new history as if from a blank page. The textbook for our future progress is yet to be written, we have to fill its pages.

[Stoyanov] By tradition the interlocutor is usually introduced at the beginning. Let us depart from it, leaving the personal question for the end of the conversation: who are you Comrade Yu Hongliang?

[Yu Hongliang] A career diplomat, at the present time the ambassador of the People's Republic of China in the USSR. I am working in Moscow for the second time having spent a total of 12 years here. It is true that on my first visit I was not an ambassador and had no gray hair yet. My diplomatic "specialty" is the Soviet Union. By nature I am an optimist. Possibly this quality is peculiar to people who like sports. Even though I have never set any world records I do engage in sports regularly. Therefore I have no complaints about my health at the age of 64—perhaps this is also promoted by the pure air of the Lenin Hills where the embassy is located. At any rate I saw a doctor only twice in Moscow—a dentist at that. I love nature.

I believe that I am a disciplined and law-abiding person like all the members of my family. Not one of us has violated the law concerning planned childbirth. I have one daughter and she also has only one child—my grandson.

Even though the questions covered by the ambassador are very serious for China, in speaking the final words, he, naturally, smiled.

Pyongyang Party Secretary Visits Moscow, Views CP Prospects

91UF1031A Moscow MOSKOVSKAYA PRAVDA
in Russian 12 Jul 91 p 1

[M. Volin report: "The Difficulties Have Not Killed Hope"]

[Text] By the middle of next year 50,000 apartments should have been built in Pyongyang, and thus, in principle, the housing problem in the capital of the DPRK should be solved. If we assume that the average family is made up of three people, then that means that 150,000 people will be settled in Pyongyang. My estimates, however, do not take into account the demographic features of the Korean family, and this was immediately brought to my attention by Ten Yen Ren [as transliterated], secretary of the Pyongyang City Committee of the Workers' Party of Korea, who is heading a delegation of the party city committee that has come to Moscow at the invitation of the CPSU Moscow City Committee.

My interlocutor, who also talked about one of the most important social programs in the North Korean capital, noted in response to my calculations that in Pyongyang the average family is made up of a minimum of four or five persons, and that consequently almost one-quarter of a million inhabitants of the capital will soon be obtaining new housing.

Comrade Ten Yen Ren himself also has a "statistically average" family made up of five persons: himself and his wife, and three children—two sons and a daughter.

It was on this personal note that we started our conversation about Pyongyang's most important socioeconomic tasks, whose implementation is one of the main aims of the capital's party organization today. In Ten Yen Ren's words, extensive housing construction, improvements in the quality of consumer goods, providing food for the population, improving the transport system, and expanding agricultural production are the components of the Third Seven-Year Plan, whose strategic goal is to raise the living standard of the people and provide reliable social guarantees for them.

And are there poor people in Pyongyang? This was a question I asked my interlocutor with some wariness, because even just a few years ago this could hardly be said in a conversation with a party figure from a socialist country. Comrade Ten Yen Ren answered calmly and convincingly.

"No. We have no poor, no hungry, no homeless. Of course, not everyone lives with a full measure of prosperity, richly, if you like, but there are no people worried about their daily bread or without a roof over their heads. In our social policy we try to guarantee an acceptable living standard for everyone, and to provide maximum support with the help of state programs..

"Let me cite this example as illustration. You are probably aware that the main food among Koreans is rice. So the state organizations buy rice from the peasants at one price and it is sold in the stores more than seven times more cheaply. That is only part of the answer to why we have no hungry people. We regard providing all people with an acceptable living minimum as a great achievement by our society that confirms the advantages of socialism."

This aspect of the life of our neighbor to the East and the role that is played in social protection for broad strata of the workers by the Pyongyang Party City Committee and its subdivisions were the subjects of discussion during the course of numerous meetings that the delegation had in Moscow's party organizations and in conversations at the plants it visited. And what impression did our guests gain from these meetings?

"To speak formally, our visit is an integral part of the plan for cooperation between the party city committees in our

two capitals," Ten Yen Ren said. "Its main purpose is to become better acquainted with life today in Moscow, and with how the Moscow party organization is operating under present political conditions. For it is one thing to hear about the changes in the Soviet Union but quite another to see them at close quarters. We have been convinced that despite all the difficulties of the present period, the communists of Moscow, led by the party city committee, are consistently pursuing their principled course, firmly defending the socialist choice. We have also been convinced of this during our visits to several enterprises. In conversation with the workers we realized that despite the difficulties facing the country they believe in their future and have not lost hope that the situation will change for the better. It seems to me that if the communists of Moscow explain their aims more actively and persistently among the workers, these hopes will come true. And we wish you success in this from the bottom of our hearts."

International Department Official Reports on Israel Visit

*91UF1011A Moscow PRAVDA in Russian 22 Jul 91
Second Edition pp 6-7*

[Article by V. Musatov: "Small Country, Large Problems: Notes on a Trip to Israel"]

[Text] Our plane landed at the Ben-Gurion Airport in Tel-Aviv on a stuffy night. Representatives of the United Workers Party of Israel (MAPAM), which had officially invited a CPSU delegation for the first time, met us. The purpose of the visit was to establish contacts with the left socialist and social democratic parties of Israel, familiarize ourselves with public life there, and discuss international issues, above all the prospects for peace in the Near East.

It must not be said that the CPSU has never had contacts with the democratic parties of Israel before. Despite the severed diplomatic relations between our countries, ties, of course, were maintained—sometimes in Europe, for example, within the framework of Comintern and other international organizations, and sometimes during trips at the invitation of the Communist Party of Israel. However, we considered this official visit a good sign of the development of ties with Israel and evidence of the positive changes in the world situation and recognition of the Soviet Union's role in the search for a lasting settlement in the Near East region.

In seven days many meetings took place with leaders of MAPAM, as well as of the other socialist party, the Labor Party (MAI), and with deputies of the Knesset, in the kibbutz movement and its agroindustrial center, in scientific and social organizations, and in educational institutions. We met with both citizens of Israel, Jews and Arabs, and with Palestinians from the occupied territories. They asked us many questions on perestroika and the prospects for a lasting solution to the crisis and frankly expressed their interest in having the USSR remain a positive factor of international politics as a unified, integral state.

In Israel the new thinking is associated not only with Moscow's initiatives in the field of disarmament and with appeals for a new just world order, but also with changes in the approach to relations with this country. People in Tel-Aviv note with satisfaction the fine opportunities for development of cooperation, especially in economics, science, and technology.

Many of the people we talked with assured us that the work will go faster if in the near future full diplomatic relations are established. It is true that some people stated that anymore this issue is nothing but a formality, since the extent of relations now has far outstripped anything that existed before relations were severed in 1967.

Yes, a great change in relations has really occurred. Regular political contacts are being maintained and for the first time the USSR minister of foreign affairs made a visit and the parties exchanged general consulates. We must recognize that after the Arab-Israeli war of 1967, the Soviet side, orienting itself only to the Arabs and working from the idea that the United States was the patron of Israel, limited its potential for influence on the Near East. Today

the Soviet Union, while maintaining good relations with the Arab states, whose concerns it understands, is following a multidimensional, realistic policy and plays and intends to continue to play a constructive role in a Near East settlement. In short, the issue of diplomatic relations and exchanging ambassadors is not far off, and it will be decided by itself as part of the process which is already taking place. In talking we emphasized that in acquiring new contacts and new friends, we would not, of course, want to lose old ones.

In speaking of the trends toward development of relations between the Soviet Union and Israel, we must certainly touch upon a new phenomenon, the influx of immigrants from our country. More than 450,000 Soviet Jews received permission to leave for Israel in the past year alone.

Immigrants should certainly know Hebrew and six-month courses (ulpans) have been set up for the study of it.

However, one hears Russian quite often in Israel and many newspapers are published and radio broadcasts conducted in the Russian language. Of course, the immigrants have a considerable number of difficulties—adapting to a new life is not at all easy, especially for older people. It is not simple to obtain housing and find work when unemployment in the country is at 10 percent. The people we talked with, who had become accustomed to the existence of a "kind uncle" in the person of the socialist state which until recently at least provided housing, pensions, free education, and health care and took care of veterans, demand the same thing in Israel. Finally, many remain certain that under a free market heaven on earth awaits them.

Israel is a small and beautiful country and Tel-Aviv is a white city with palm trees on the blue sea and a strip of sandy beaches. But life is expensive and despite the abundance of goods prices are exorbitant. In private conversations our fellow citizens said that a person needed five-six years of persistent work to set himself up tolerably if he did not have a strong sponsor or a rich relative.

It is clear that any Israeli government, regardless of its party make-up, has followed and will continue to follow a policy of absorption. That is the primordial meaning of Zionist doctrine. The existence of the State of Israel has always depended on a stream of new settlers. The budget for immigrants is already beginning to exceed military expenditures. The present difficulties in receiving the Jews who are coming from the Soviet Union obviously do not compare with the ultimate benefits involving development of the country's scientific-technical and cultural potential.

But there are also matters which disturb us on this issue. The Shamir government is methodically assimilating territories seized from the Arabs and sending the people from the Soviet Union to the new settlements. By no means do all agree to it, fearing the Arab response, but, according to some estimates, up to 5-6 percent of the immigrants are nevertheless going to these lands, even to the Gaza Strip. Shamir justifies this policy by saying that the rights of the citizens of Israel cannot be restricted. But the realities here are all the same taken into account. Among other things, the likelihood of the loss of Soviet citizenship by those who

go to serve in the army. A highly-placed official of the Ministry of Defense, for example, told us that by no means do all young Jews who come from the USSR end up in the army, since after the war in the Persian Gulf Israel is relying on qualitatively new types of weapons, on modern air forces, and on long-range reconnaissance and satellite communications systems, so the number of troops would be reduced. Well, we will see.

One other matter caught our attention. The representatives of the leftist political parties of Israel claim that frequently people arriving from the Soviet Union are antisocialist and curse everything Soviet, and do not want even to hear about the kibbutzim, believing that they are like kolkhozes. So they often orient themselves to the rightist parties bloc of the "Likud" and orthodox religious parties. And after all the new immigrants are new voters. However, after a certain time passes, the "newcomers" begin to figure out the distribution of political forces in society, the positions of the parties, and Israel's economic system. Even the first "Russian" kibbutz is being set up in the north now.

It seems that the high level of emigrants from our country to Israel (although a certain drop, by roughly 17 percent, was noted in 1991) will continue for some time. Not only the "call of the blood" is manifested in this, but also the uncertainty and anxiety of Soviet Jews given the instability of our multinational society. Most likely, as the situation in the Soviet Union improves, the wave of Jewish emigration will decline. In addition, a considerable number of Jews want to go to America, Western Europe, and Australia. It is difficult to say how the governmental organs and Zionist organizations of Israel will react to that. Artificial stimulation of the process is harmful. However, as many in Israel believe, in any case those who left the Soviet Union, those who remain, and those who will return are forming a kind of bridge which should play an important role in the future cooperation of our countries.

What do the Israelis think about the possibility of a peaceful solution to the many years of conflict in the Near East? Most believe that Israel should take advantage of this chance for peace. The people are tired of living in tension, from war to war. The "Scuds" changed many things in people's minds. A social movement for peace is growing. The leftist parties and democratic organizations criticize the inflexible policy of the Y. Shamir government, which refuses to return the occupied territories and advances a mass of reservations regarding possibilities of calling a peace conference. Without rejecting the idea of peace, the representatives of the government demand guarantees and allude to the interests of security of the country and to the continuing distrust of the PLO and the Arab countries.

The leaders of the left socialist parties take a far-sighted position and state that trust must be reestablished in relation to neighbors. Israel is not an isolated island in the Near East. The country should have organic ties with the Arab countries. We must admit, said E. Granot, general secretary of MAPAM, that the Jews and Palestinians have a historical right to live alongside one another in this region. The main condition is mutual acknowledgement of

the right to self-determination. The question of Jerusalem, the sacred place of three religions, can be resolved last of all.

The Labor Party favors recognizing the rights of the Palestinians, even to the point of creating a confederation of Jordan with them, of the canton type, but on the condition of demilitarization of the Gaza Strip and the West Bank of the Jordan River. As the respected Israeli politician Shimon Peres said, Israel should not appear in the role of the police; it should and can be engineer and irrigator in the Near East. Peres is for the PLO participating in the peace conference. Our partners spoke of the need for a direct dialogue with the Palestinians, but even so sharp criticism was heard of Arafat, who supports Iraq's aggression against Kuwait, and terrorist methods and the settling of accounts by certain Palestinian organizations with others were condemned. But the Palestinians, most of them recognizing the error which was made, emphasized that the attempts to dismiss the PLO from the negotiations were futile. There are other Palestinian organizations in the occupied territories, they said, and Muslim fundamentalism is becoming stronger, but the PLO is a symbol of the Palestinian people.

In Israel one feels especially clearly how mutual insult and injury has accumulated in relations between Jews and Arabs. In Israel the Arabs, who make up the national minority, feel that they are second-class citizens. It is true, their towns within the "green line" of 1948 do not look poor, but the incomes of the Arabs, according to official statistics, is two-thirds the incomes of the Jews. A second wave of migration from the Soviet Union also causes additional difficulties here. We were told that more than 20,000 Arabs have already lost their jobs because of the competition of the "newcomers."

On the West Bank we visited Bethlehem. The Palestinian refugee camps present a sad and distressing sight. The Israeli military administration enclosed the camp near the highway with a very high fence made of iron drums, concrete blocks, and barbed wire, with checkpoints at the gates. The refugees live in unhealthy conditions. Next to them are the fine homes of Arabs who work in Saudi Arabia and the Emirates and Israeli military towns, and new comfortable settlements being erected under Minister of Housing Construction Sharon's program are visible on the horizon. On the road leading to Jerusalem, military patrols turned back the cars of Palestinians from the occupied territories without explanation. A Muslim holiday was beginning, and the authorities feared an influx of Arabs into the "holy city." Before the holiday by tradition 400 Arabs were granted amnesty, but the local residents say that more than 10,000 of them are still in prisons.

It is not surprising that the Arabs we talked with took a very gloomy view of the prospects for a Near East peace. In their opinion, Shamir will do everything to frustrate the peace process. The Likud bloc uses the Jewish lobby to pressure the American administration as the presidential elections in the United States approach. Recently THE NEW YORK TIMES wrote that up to 80 percent of

prominent American Jews assume that the Shamir government will nonetheless bargain under the formula "territories in exchange for peace."

Incidentally, elections will also take place in Israel in 1992 and a draft bill on direct election of the prime minister during general elections is now being discussed. Will a democrat or a candidate of the conservative circles come to power? The leftist parliamentary parties are trying to pit their grouping against the right. The communists are seeking a way to come out of isolation.

One gets the impression that the opposition forces of Israel, while seeing all the difficulties on the path to a peace

settlement, nonetheless believe that a "window of opportunity" to find a lasting peace still exists. They are prepared to follow their part of the path and will put pressure on the present rightist government. They are also counting on the constructive efforts of the United States and the USSR and their joint and parallel actions and on other permanent members of the Security Council and the countries of Europe and expect flexibility from the influential Arab states. The solution of the Near East problem can be found only through negotiations and mutually acceptable compromises in an atmosphere of trust. The long-term interests of the peoples who populate such a rich and contrasting region demand this.

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